

Message Text

LIMITED OFFICIAL USE

PAGE 01 CANBER 08815 070728Z

17

ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AGRE-00 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

XMB-02 IO-13 /111 W

----- 023793

R 070544Z DEC 76

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 9448

INFO AMEMBASSY LONDON

AMCONSUL MELBOURNE

USMISSION OECD PARIS

AMCONSUL SYDNEY

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

AMCONSUL BRISBANE

AMCONSUL PERTH

LIMITED OFFICIAL USE CANBERRA 8815

E.O. 11652: N/A

TAGS: EFIN, EALR, AS

SUBJECT: TWO PERCENT REVALUATION OF AUSTRALIAN DOLLAR

REF: (A) CANBERRA 8766, (B) CANBERRA 8603 (NOTAL),

(C) CANBERRA 8583 (NOTAL)

1. AUSTRALIAN RESERVE BANK ANNOUNCED EARLY DECEMBER 7 THAT AVERAGE TRADE-WEIGHTED RATE OF THE AUSTRALIAN DOLLAR WOULD BE ADJUSTED UPWARD BY 2 PERCENT EFFECTIVE AT THE OPENING OF BUSINESS THIS DATE.

2. THE EFFECT OF THE ADJUSTMENT IS TO REDUCE THE EXTENT OF THE NET DEVALUATION SINCE FRIDAY, 26 NOVEMBER FROM 17 1/2 PERCENT TO 15 1/2 PERCENT.

3. THIS MOVE REPRESENTS THE FIRST OF THE "MORE FREQUENT AND SMALLER SHIFTS IN THE RELATIONSHIP OF THE AUSTRALIAN DOLLAR TO LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CANBER 08815 070728Z

THE 'BASKET' OF CURRENCIES" FORESHADOWED IN THE TREASURER'S

NOVEMBER 28 DEVALUATION ANNOUNCEMENT (CANBERRA 8583).
ACCORDING TO THE NOVEMBER 28 ANNOUNCEMENT, SUCH MOVES WOULD
BE MADE "WHEN THE ASSESSMENT OF ALL RELEVANT ECONOMIC
FACTORS INDICATED A NEED FOR MOVEMENT IN THE LEVEL OF THE
EXCHANGE RATE" AND A THREE-MAN GROUP CONSISTING OF THE
RESERVE BANK GOVERNOR, THE PERMANENT SECRETARY OF THE
TREASURY, AND THE SECRETARY OF THE DEPARTMENT OF THE PRIME
MINISTER AND CABINET WAS DESIGNED TO KEEP THE LEVEL OF THE
RATE UNDER REVIEW FOR THIS PURPOSE.

4. PENDING ANY OFFICIAL EXPLANATIONS OF THIS MOVE WHICH MAY
BE FORTHCOMING, WE MUST ASSUME THAT THIS THREE-MAN REVIEW
COMMITTEE FOUND THE RECORD OF PAYMENT FLOWS DURING THE SIX
BUSINESS DAYS SINCE THE NOVEMBER 29 DEVALUATION SUFFICIENTLY
REASSURING TO JUSTIFY TODAY'S REVALUATION. THE POSSIBILITY
WILL ALSO BE CANVASSED THAT A REVALUATION RECOMMENDED BY THIS
GROUP OF SENIOR FINANCIAL OFFICIALS SO SHORTLY AFTER THE
NOVEMBER 29 DEVALUATION MAY IN SOME DEGREE REFLECT SENTIMENT
IN OFFICIAL CIRCLES THAT THE SIZE OF THE NOVEMBER 29
DEVALUATION WAS GREATER THAN NECESSARY.

5. ASIDE FROM THE TECHNICAL CONSIDERATIONS WHICH MAY HAVE
MOTIVATED THE 2 PERCENT REVALUATION, IT MAY ALSO BE NOTED
(1) THAT THIS LATEST DEVELOPMENT, WHICH HAS THE EFFECT OF
CAUSING THE RATE TO "REBOUND" WILL TEND TO BE REGARDED
PUBLICLY AS REASSURING EVIDENCE OF THE STRENGTH OF THE
CURRENCY AND (2) THAT IN THE MIDST OF THE CURRENT AUSTRALIAN
DEBATE OVER THE ISSUE OF WHETHER TO MAKE SUBSTANTIAL TARIFF
REDUCTIONS IN THE WAKE OF THE RECENT DEVALUATION (CANBERRA
8766), THIS UPWARD RATE ADJUSTMENT, WITH ITS REMINDER THAT
FURTHER INCREASES ARE NOT OUT OF THE QUESTION, WILL REINFORCE
THE POSITION OF THOSE WHO OPPOSE TARIFF REDUCTIONS.
HARGROVE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DOLLAR, DEVALUATIONS, FOREIGN EXCHANGE RATES, TARIFFS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CANBER08815
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760451-0279
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761263/aaaaccmu.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 CANBERRA 8766, 76 CANBERRA 8603, 76 CANBERRA 8583
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 26 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 APR 2004 by BoyleJA>; APPROVED <16 AUG 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TWO PERCENT REVALUATION OF AUSTRALIAN DOLLAR
TAGS: EFIN, EALR, AS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006